



## **Scania recommendations on Prolongation of guidelines on State aid for environmental protection and energy**

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Scania is pleased to take this opportunity to provide feedback to the European Commission's intention to prolong the current State aid guidelines for environmental protection and energy until the end of 2022.

Concerning the road transport sector, a substantial increase in the share of renewable energy will be indispensable to substitute fossil fuel sources and to meet far-reaching energy and climate targets. Sustainable biofuels, in particular, have the ability to decarbonise the heavy-duty transport sector both in the short- and longer-term. Biofuels are market-ready low carbon, liquid alternative that can be utilised here and now. In addition, the industry has demonstrated that crop-based biofuels can be produced without conflict with traceability, food security and with high standards on economic, social and environmental sustainability. In addition, they do not require substantial investments in infrastructure and, if domestically sourced, help enhance security of energy supply.

For the success of shifting the transport sector towards more sustainable solutions, however, it is key to ensure that they compete on a level playing field with fossil fuels. The current volume-based energy tax system provides competitive disadvantages to biofuels, such as ethanol. Support schemes are therefore necessary to ensure their market uptake. In Sweden, the exemption of biofuels from the existing carbon and energy tax, for example, has been considered a great success and has led to the highest share of renewables in transport in Europe.

Under the current guidelines (paragraphs 113-114 on operating aid), all operating aid given to crop-based biofuels can only be granted until 2020. Cutting operating aid for crop-based biofuels would put the Commission's state aid rules at odds with the recently revised Renewable Energy Directive, which states that granting aid for biofuels that fulfil the sustainability and GHG emission savings criteria are fully justified (Article 29 point 1 and 12).

Other legislation the state aid rules would undermine include the Effort Sharing Decision, where biofuels may also be necessary to achieve the EU and national climate objectives. Biofuels are also clearly defined as being suitable for the procurement of 'clean vehicles' under the recently adopted Clean Vehicles Directive.

**Scania therefore propose the Commission amends the date of all relevant deadlines until 2022 at the earliest, including for support for all crop-based biofuels that are produced sustainably.**

**Continuing to allow support to be granted for sustainable biofuels, would provide regulatory certainty and stability to the biofuel and transport industry alike. It will ensure that existing support schemes, such as excise duty reductions for higher blend fuels (like E85, ED95) are not disadvantaged by EU legislation which is incoherent with European and national climate and energy objectives.**



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**About Scania**

*Scania is a global leader in sustainable transport, specialized in trucks and buses with over 50,000 employees predominantly based in Europe. We are is convinced that it is possible to reach fossil free transport by 2030 but a broader mix of all available technological solutions will be required. This can be achieved by combining improved energy efficiency in powertrain and vehicle system, including solutions such as platooning and longer vehicles, manage logistics better to improve filling rate and route planning to optimise flows, as well as substituting fossil fuels with sustainable biofuels and electricity from renewable sources.*